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HD **Commercial real estate developers grapple to adapt climate-change measures**

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Sector frustrated with 'mishmash' of regulations and policies, says industry expert

Commercial developers across Canada say they're determined to meet the challenges of climate change come hell or high water, but it's not always easy being green.

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"There's more of an inherent responsibility among developers than ever before to build in ways that are climate friendly. That extends to operating buildings as well, using renewable resources to run the property," says Jonathan Gitlin, president of RioCan Real Estate Investment Trust, a \$14-billion enterprise that owns 289 properties, mostly retail.

According to Richard Joy, executive director of the non-profit Urban Land Institute, which provides advice and information to some 2,000 public- and private-sector members in the GTA, the entire sector is frustrated, and the "mishmash" of regulations and policies make it hard for builders and property managers to know what climate measures they should deploy, and which ones will be effective.

"It's a confusing road map, with policies that range from good intentions to low intentions, and misalignments of policies at different levels of government," Mr. Joy says.

"There's nothing that approaches standardization [of carbon measures], and therefore there's nothing yet that approaches accountability in our industry," he says.

Anything from bicycle storage in an office parking garage to a commitment to use cement that produces using less carbon might count as a climate measure, but it can be hard to know what will make a difference and should become standard practice.

To try to bring some sense to this confusion, in early November, the ULI is holding a local industry-wide symposium on greenhouse gas and sustainability measures, just in advance of a United Nations summit meeting in Glasgow, where world leaders aim to develop tougher, enforceable climate measures.

Buildings and construction contribute nearly 40 per cent of energy-related greenhouse gas emissions, and Canada's buildings, which require both heating and cooling, are particularly reliant on energy use, which in most cases produces carbon.

Earlier this month, the UN Intergovernmental Panel on Climate Change (IPCC) reported that: "It is indisputable that human influence has warmed the climate system, raising global surface temperature ... Many weather and climate extremes such as heatwaves, heavy rainfall, droughts and tropical cyclones have become more frequent and severe."

As if to confirm the report's findings, more than 270 fires have been burning in British Columbia this summer, destroying homes and towns. Also this summer, severe flooding in Henan, China, killed more than 300 people after 201.9 millimetres of rain fell in one hour, while Western Canada's farmers are stricken by what may be the worst drought in history.

Meanwhile, giant firms such as RioCan are looking for ways to lower the carbon footprints of their properties and protect them from potential climate-related ravages. While not all weather-related building disasters are directly attributable to climate change, there is ample circumstantial evidence.

In June, 2021, for example, the Champlain Towers South building in Surfside, Fla., collapsed suddenly, killing 98 people, including four Canadians. Investigators have already said that sea levels in that area have been rising at three times the global average, which can affect a building's structural foundations.

Companies that invest and build real estate are noticing that the cost of ignoring climate change can mean higher insurance premiums and maintenance costs, as was pointed out in a 2019 study by investment firm BlackRock.

"Extreme weather and other climate-related events pose a risk to commercial real estate" that could also mean "reduced or even denied coverage if insurers shy away from underwriting risks that have become too great or uncertain. Investors need to get ahead of these risks," BlackRock's study said.

Investment firm Brookfield Asset Management Inc. has named former Bank of Canada and Bank of England governor Mark Carney as its head of transition investing toward a postcarbon world.

"Climate change is an existential threat," Mr. Carney said, in a 2019 interview conducted by the United Nations under his other role as the UN's Special Envoy on Climate Action and Finance. Companies that invest in solutions "will be rewarded," he said.

"Those who are lagging behind and are still part of the problem will be punished."

It's a message that smaller companies across Canada are taking to heart as well.

"We're a real estate company, but we're more. Real estate is a tool we use to create better neighbourhoods and to create a better planet," says Leslie Najgebauer, vice-president of impact and engagement for Tas, a developer with projects in the GTA.

"We've developed an 'impact framework' to incorporate environmental, social and governance [ESG] factors across our business," she says.

The company's commitments include becoming carbon-neutral by 2045 and adopting benchmarks for operations that mesh with the UN Sustainable Development Goals, agreed on by the world body as the measures needed to secure a better future even sooner, by 2030.

In Western Canada, developers such as Cape Group say they are training their site staff in Passive House - a voluntary standard developed in Europe to reduce a building's energy footprint.

"We're also using cross laminated timber [instead of steel girders]," says company president Reisa Schwartzman. "We have several buildings on the go and we're working toward being a leader in this method of construction, which cuts carbon footprints substantially," she says.

Developers need to take a holistic approach to building and managing properties, says Zeina Elali, associate and senior sustainability adviser at the Toronto office of Perkins & Will, a global design studio.

"We look at a building as a living design," she says. "We look at its sustainability - its impact - and then its resilience, how to adapt and forecast changes in climate and build this into the design.

"We also look at what the building will be like for the people inside, and we look at regeneration - using renewable resources, whether it's the sun's heat or reusing storm water. We look too at a building's embodied carbon - how much carbon is coming out of our design, what materials we can reuse and which materials are produced with less carbon," Ms. Elali adds.

"The development industry is trying not just to keep up with sustainability, but to raise the bar," says Jonathan Westeinde, chief executive officer of Windmill Developments, which has sustainability-focused projects in Toronto, Guelph, Ont., and Ottawa. He says he has been watching politicians dither about

climate change for years - he started the company in 2003 - but he's optimistic that even if politicians waver, companies will get it together.

"What's driving sustainability now is capital markets," Mr. Westeinde says. "They're afraid about the risk profile of developments susceptible to climate and that's changing the types of investments they're willing to make."

"That's what will make a difference," he adds. As planet Earth continues its precarious journey toward sustainability, "will we do enough to steer the boat?"

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